



Analysis of the Role of Transformational Leadership in Improving Employee Work Motivation and Performance and its Impact on Hospital Business Sustainability

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Abstract

This study aims to analyze the influence of transformational leadership on work motivation, employee performance, and business sustainability at Pala Raya Hospital (RSIA Pala Raya) in Tegal Regency, and to examine the mediating role of work motivation and employee performance in this relationship. The background of this study is based on the decline in patient visits and hospital revenue, which raises the need for a sustainability strategy based on internal organizational strengthening. The research method used is a quantitative explanatory approach with a total sampling technique of 200 employee respondents, and data analysis was conducted using SEM-PLS through SmartPLS 4.0. The results show that transformational leadership has a significant and positive effect on work motivation and employee performance, and has an impact on the sustainability of the hospital's business. Work motivation has a stronger influence than performance on sustainability. The mediation test shows that work motivation is a significant mediator in the relationship between transformational leadership and business sustainability, while employee performance is not. The study also identified various obstacles in the implementation of transformational leadership, such as lack of training, bureaucratic culture, and a reward system that does not support innovation. These findings emphasize the importance of the role of inspirational and participatory leadership in building motivation and supporting hospital sustainability.

Introduction

Business organizations can achieve success and survive if they have strong competitiveness, enabling them to compete in both domestic and global markets (Susanto et al., 2021). In the era of globalization, borders between countries are increasingly blurred, allowing workers from one country to work in another without hindrance. This has led to increasingly fierce competition in the labor market. Furthermore, advances in information technology require workers to have high competence and performance (Babu & Kushwaha, 2024; Iis et al., 2023). Several factors that influence employee performance include leadership, work environment, motivation, competence, and job satisfaction (Riana et al., 2014; Hajjali et al., 2022; Setiawan et al., 2022).

One of the keys to business success is optimal employee performance (Bachtiar, 2012; Memon et al., 2023). A hospital is essentially a business, so to be successful, it must have optimal employee performance, both healthcare and non-healthcare workers, both those providing direct services/revenue centers (Revenue Center) and those providing support services/cost

centers (Cost Center). The large amount of capital required by hospital owners and the risks they face have led to a shift in the orientation of the hospital business (Susanto et al., 2021; Naamati-Schneider & Zaks, 2021; Stevens, 2025). Hospitals that were once socially oriented have now become profit-oriented, although they do not abandon their social function (Nurdiansyah et al., 2020). In fulfilling their profit-oriented business, hospitals must of course establish strategies for their business sustainability in the face of economic fluctuations and market demand. There are several strategies commonly adopted by hospitals for their business sustainability, namely Growth, Stabilization, Retrenchment, and Diversification (Thu, 2020; Imhanzenobe, 2021; Widaryanto & Sari, 2024). Growth strategies include adding new types of services, new facilities, and hospital development. Stabilization strategies focus on optimizing existing services and maintaining patient satisfaction. Retrenchment strategies include reducing less profitable services and reducing costs, for example by lowering operational costs through workforce reductions and logistics efficiency. Diversification strategies include developing services outside of hospital services, such as providing homecare, cafes, and telemedicine (Böttcher et al., 2024; Darmawan & Muttaqin, 2023).

The owner of Pala Raya Tegal Hospital, which was established on March 28, 2005, certainly expects profits from its hospitalization business. Despite initially showing positive trends, particularly after becoming a BPJS (Social Security Agency) provider in 2014, which led to a surge in patient visits and increased revenue, the hospital has experienced a significant decline in both outpatient and inpatient visits over the past three years, impacting its ability to meet operational obligations. Various efforts have been made, such as adding premium services (Indonesian Fertility Clinic, international vaccinations, and medical check-ups), renovating inpatient rooms, and building a bridge between hospital buildings to maintain its partnership with BPJS, all of which are supported by bank financing. However, these efforts have not succeeded in increasing visits or revenue. This decline is strongly suspected to be due to the emergence of new competitors and the development of other hospitals offering more modern buildings, more comprehensive facilities, and a wider variety of services, thus reducing Pala Raya Hospital's competitiveness in the increasingly competitive healthcare market.

In response to the above, for the sustainability of RSIA Pala Raya Tegal Regency, steps need to be taken to save the hospital. The first strategy taken is to change RSIA Pala Raya Tegal Regency from a specialized hospital to a class D general hospital. It is hoped that by becoming a general hospital, the type of specialist services will increase, buildings, facilities and infrastructure will increase. The next strategy is employee empowerment, because even if the type of hospital is changed and services are added, if it is not accompanied by changes in employee motivation and performance, the hospital's business goals will not be achieved. On the other hand, RSIA Pala Raya Tegal Regency has been led by 4 (four) hospital directors, but in its journey it is still far from expectations, namely the lack of employee support and profit for the company (El-Garaihy et al., 2024; Garad et al., 2022).

From this background, the researcher is interested in knowing the extent of the role of leaders in managing hospitals and whether the type of transformational leadership is able to motivate employees so that employee performance is obtained according to expectations for the sustainability of this hospital's business. Research related to transformational leadership has never been conducted at Pala Raya Hospital, Tegal Regency, but has been conducted at Panti Rapih Hospital, Yogyakarta, and the results showed that transformational leadership and the physical work environment have an effect on employee performance, with work motivation (Novitasari & Satriyo, 2016). Similar research has also been conducted at Grhasia Mental Hospital, Yogyakarta, and the results showed that transformational leadership style and human resource development have an effect on nurse performance. However, both studies have not

included the impact on the sustainability of the hospital's business. Another study was conducted at Siti Aisyah Islamic Hospital, Madiun, with the results showing a significant influence of transformational leadership on performance (Murtiningsih, 2015).

Methods

In its entirety, the relationship between variables in this study can be reviewed through the visual illustration in the following image:

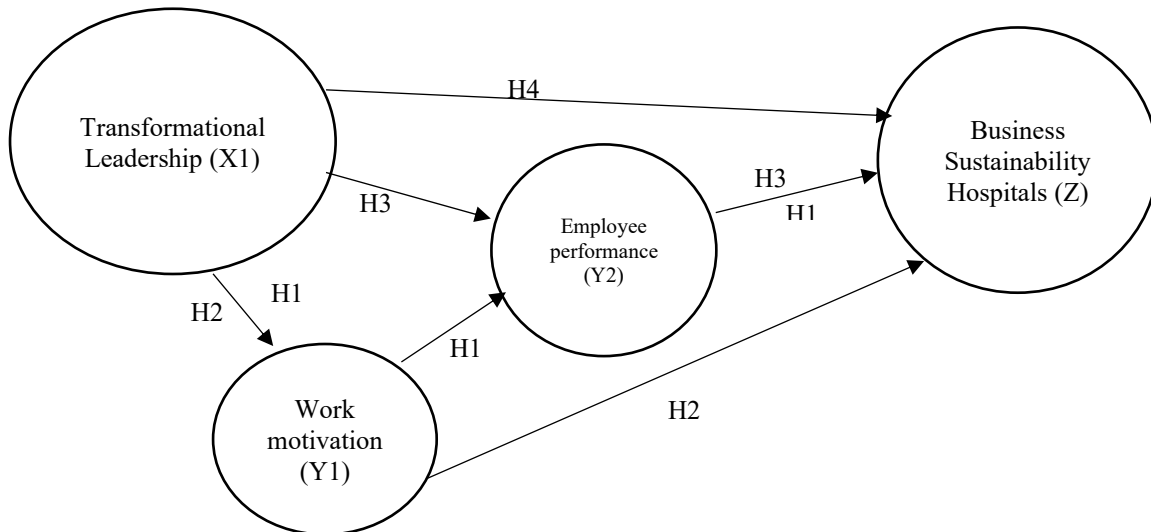


Figure 1. Path Diagram of the Relationship

The chosen study was modeled in terms of a quantitative method and an explanatory research approach because the primary objective was to reveal and describe the causal associations between the transformational leadership, motivation at work, employee performance, and business sustainability in a hospital. The explanatory design was considered the best fit since the relationships of interest were not only direct effects but indirect and mediating effects too, which needed a structured statistical test. Moreover, it was a cross-sectional study, which implies that information was collected at one point in time to reflect the current situation in the hospital. Despite being cross-sectional by its nature, the design enabled simultaneous analysis of various variables and how these variables interacted with each other, hence giving a wholesome view of organizational dynamics at the time of study.

The study subject was the total population of the Pala Raya Hospital, which has 200 employees with a spread of its workforce in clinical, administrative and support departments. To achieve maximum representation and to remove the chances of sampling bias, total sampling technique was used. Having involved all employees in the study, the research could include different views of both healthcare providers and staff that supports healthcare delivery because the business sustainability is not only formed by the delivery of frontline services, but also by organizational structures that support it. The 200 questionnaires that were sent back were all in a usable form and this gives a full dataset. In order to ensure focus and reliability, the study restricted itself to active staff members who were employed during the time of data collection, and that includes only no temporary staff and employees on extended leave. This was done in order to make certain that the findings were accurately representative of the lived experience of the most directly involved individuals in the operations of the hospital.

The research tool was in the form of a structured questionnaire that consisted of questions based on the developed theoretical frameworks. Transformational leadership indicators were based

on the multidimensional model of Bass and Avolio that focuses on idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Work motivation items were based on the existing body of literature in organizational behavior that has differentiated between intrinsic and extrinsic motivation, and employee performance measures were based on quality and quantity of output, responsibility and innovation. Business sustainability indicators were specific to hospital setting and were based on continuity of operations, adaptability, financial stability, and quality of services. Each construct was operationalized using more than one item that was rated using a five-point Likert scale with a strong disagreement to strong agreement. Before full distribution, the instrument was checked by academic scholars in the hospital management to confirm content validity and piloted with a small group of employees to make the instrument more relevant, consistent, and understandable. This situation was carefully prepared, which enhanced the accuracy as well as the credibility of the obtained data.

The process of data collection took place within two weeks in liaison with the human resources department in the hospital to ensure that it did not disrupt the usual running of the organization. The questionnaires were administered in the format of printed surveys and filled by the respondents within the working hours in a setting that ensured privacy and minimised the effects of supervisory control. Respondents volunteered, and were assured that their responses would be kept confidential and would only be used in academic purposes. The research was ethically approved by the Research Ethics Committee of Muhammadiyah University of Surakarta and all respondents were provided with informed consent before they took part in a survey. These processes guaranteed that the research followed ethical guidelines such as respect to autonomy, confidentiality, and protection of the rights of the research participants.

To analyze data, this paper used the Structural Equation Modeling method with the Partial Least Squares (SEM-PLS) version (1) of SmartPLS 4.0. SEM-PLS was selected due to its adequacy as a way of handling multifaceted models that require latent variables, tolerance of non-normal data distributions, and its capacity to deliver results that can be relied upon even with medium sample sizes. The analysis commenced with the testing of the measurement model (outer model) that evaluated construct validity and reliability in terms of factor loadings, Average Variance Extracted (AVE), Cronbachs Alpha and Composite Reliability. After the sufficiency of measurement model was proved, structural model (inner model) was tested to determine the relationship among variables as hypothesized to be true. R-square, F-square, and Q-square values were used to test the strength of the model, and collectively determined explanatory power, effect size, and predictive relevance. Bootstrapping of 5,000 resamples was carried out to test hypotheses and this yielded strong estimates of path coefficients and the significance levels. This procedure was also used in the mediation analysis of the study enabling the study to understand whether the work motivation and employee performance was a significant mediator in the relationship between transformational leadership and business sustainability in the hospital.

Result and Discussion

From the data obtained through the questionnaire using the Partial Least Square estimation method with the PLS algorithm, a full model path diagram was obtained in Figure 2.

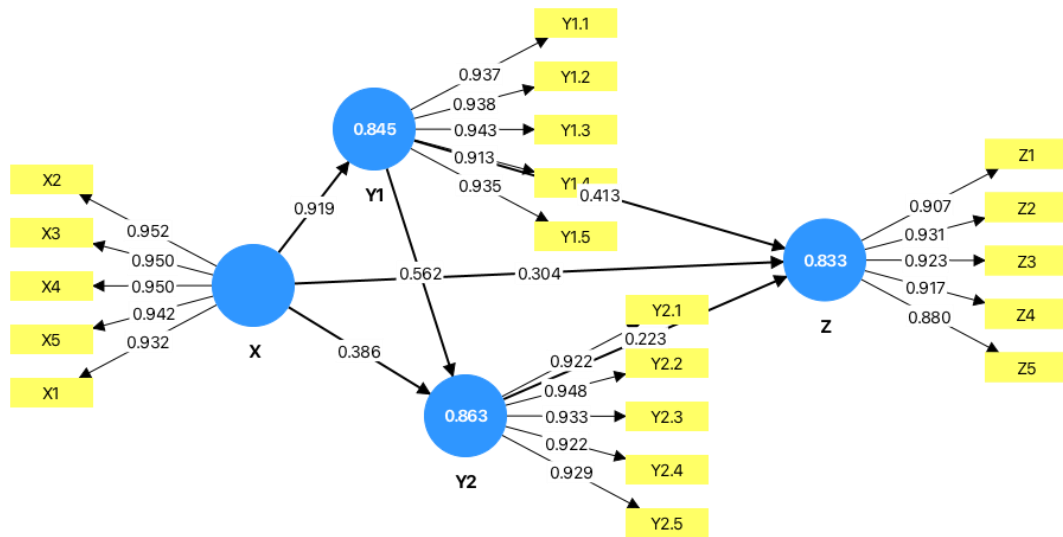


Figure 2. Structural Modeling Standardization Coefficient

Source: SmartPLS 4.0 Data Processing, 2025

Measurement Model (Outer Model)

Assessing the Outer Model or Measurement Model

Convergent validity

Loading Factor

A statement is said to be sufficient if the loading factor value is > 0.7 . The following are the results of the loading factor test using SmartPLS software:

Table 1. Outer Loadings (Measurement Model)

Manifest Variables	Loading Factor	Note
X1	0.932	Valid
X2	0.952	Valid
X3	0.950	Valid
X4	0.950	Valid
X5	0.942	Valid
Y1.1	0.937	Valid
Y1.2	0.938	Valid
Y1.3	0.943	Valid
Y1.4	0.913	Valid
Y1.5	0.935	Valid
Y2.1	0.922	Valid
Y2.2	0.948	Valid
Y2.3	0.933	Valid
Y2.4	0.922	Valid
Y2.5	0.929	Valid
Z1	0.907	Valid
Z2	0.931	Valid
Z3	0.923	Valid

Z4	0.917	Valid
Z5	0.880	Valid

Source: Data Processed with SmartPLS 4.0, 2025

In Table 1, above, it shows that there are no loading factor values below 0.70, so all variables in this study can be used.

Average Variance Extracted (AVE)

In addition to factor loading values, convergent validity can also be assessed from the Average Variance Extracted (AVE). In this study, the AVE values for each construct were above 0.5. Therefore, there were no convergent validity issues in the tested model. The AVE values in this study are shown below:

Table 2. Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)	critical value
X1 (Transformational Leadership)	0.894	0.5
Y1 (Work Motivation)	0.871	
Y2 (Employee Performance)	0.866	
Z (Business Sustainability)	0.831	

Source: Data Processed with SmartPLS 4.0, 2025

Table 2 shows the convergent validity results based on the average variance extracted. These results indicate that all latent variables have an AVE value greater than 0.5. This indicates that the statements forming the latent construct have good convergent validity when viewed from the average variance extracted value.

Reliability Analysis

A predetermined Cronbach's alpha value of greater than 0.7 and a composite reliability of greater than 0.7 can be used. Table 4.15 presents the reliability of the construct variables studied.

Table 3. Reliability and Cronbach Alpha

Variable	Cronbach's Alpha	Composite Reliability	critical value	Note
X1	0.970	0.971	0.7	Reliable
Y1	0.963	0.963		Reliable
Y2	0.961	0.962		Reliable
Z	0.949	0.950		Reliable

Source: Data Processed with SmartPLS 4.0, 2025

The following is Table 3, Based on the values in the table above, it can be seen that each variable has a Cronbach's Alpha and Composite Reliability value greater than 0.7, which means that the construct and dimensions are reliable and meet the requirements.

Structural Model (Inner Model)

Goodness of Fit (R-Square)

The R-Square or R² value for the dependent construct indicates the extent of the independent construct's influence/accuracy in influencing the dependent construct. The R² value explains

how much the hypothesized exogenous variable in the equation is able to explain the endogenous variable.

Table 4. R-Square

Endogen	R Square	Strong Relationship
Y1	0.845	Strong
Y2	0.863	Strong
Z	0.833	Strong

Source: Data Processed with SmartPLS 4.0, 2025

Based on the results of the analysis of the structural model evaluated using R-Square on the dependent construct, it can be seen that:

The R-Square of construct Y1 is 0.845, indicating that the model is in the strong criteria. The R-Square of construct Y2 is 0.863, indicating that the model is in the strong criteria. The R-Square of construct Z is 0.833, indicating that the model is in the strong criteria. This indicates that the resulting model has a good value.

F-Square

Based on the test results with SmartPLS 4.0, the F Square results were obtained as follows:

Table 5. F-Square Results

	Effect Size	Rating
X -> Y1	5,451	Big
X->Y2	0.168	Intermediate
X -> Z	0.073	Small
Y1-> Y2	0.357	Big
Y1 -> Z	0.117	Small
Y2 -> Z	0.041	Small

Source: Data Processed with SmartPLS 4.0, 2025

To see the effect size of f-square is explained as follows: a) Transformational Leadership on Employee Work Motivation at Pala Raya Maternity Hospital, Tegal Regency has an f-square value of 5.451, which means that Transformational Leadership has a large category influence on Work Motivation; b) Transformational Leadership on Employee Performance at Pala Raya Maternity Hospital, Tegal Regency has an f-square value of 0.168, which means that Transformational Leadership has a moderate influence on Employee Performance; c) Transformational Leadership on Business Sustainability at Pala Raya Maternity Hospital, Tegal Regency has an f-square value of 0.073, which means that Transformational Leadership has a small category influence on Business Sustainability; d) Work Motivation on Employee Performance at Pala Raya Maternity Hospital, Tegal Regency has an f-square value of 0.357, which means that Work Motivation has a large category influence on Employee Performance; e) Work motivation towards business sustainability at Pala Raya Maternity Hospital, Tegal Regency has an f-square value of 0.117, which means that work motivation has a small category influence on business sustainability; f) Employee Performance on Work Motivation at Pala Raya Maternity Hospital, Tegal Regency has an f-square value of 0.041, which means that Employee Performance has a small category influence on Work Motivation.

Q-Square Predictive Relevance

The Q2 value is calculated using the following formula:

Table 6. Q Square Predictive Relevance

Variables	R-Square	I-R Square
Motivation (Y1)	0.845	0.155
Employee Performance (Y2)	0.863	0.137
Business Sustainability (Z)	0.833	0.167
$Q^2 =$	$Q^2 = 1 - ((1 - R_1^2) \times (1 - R_2^2) \times (1 - R_3^2))$ $Q^2 = 1 - (0,155 \times 0,137 \times 0,167) = 0,9965$	
Error =	=100% - 99.65% = 0.35%	

Source: Data Processed with SmartPLS 4.0, 2025

Based on the Q2 calculation results, the Q2 value is 0.9965. This indicates that the independent variable has a good level of prediction against the dependent variable. Therefore, based on the Q2 value, the research model has good predictive relevance, as the Q2 value is greater than zero.

Based on the results of the R Square and Q2 calculations, it can be seen that the model formed is robust, so that hypothesis testing can be carried out.

Hypothesis Testing

After bootstrapping, the values in the path diagram represent the t-test values for significance. If the t-value of the structural equation is ≥ 1.972 and the significance value is < 0.05 , then H_0 is rejected, indicating a significant relationship between the independent and dependent variables. Hypothesis testing is performed as follows:

Table 7. Q Hypothesis Testing Results

Track	Original Sample (O)	T-Statistics	P-value	Conclusion
X -> Y1	0.919	75,576	0.000	H_0 is rejected
X -> Y2	0.386	4,490	0.000	H_0 is rejected
Y1 -> Y2	0.562	6,896	0.000	H_0 is rejected
X -> Z	0.304	2,490	0.013	H_0 is rejected
Y1 -> Z	0.413	3,882	0.000	H_0 is rejected
Y2 -> Z	0.223	2,430	0.015	H_0 is rejected

Source: Data Processed with SmartPLS 4.0, 2025

Based on the results of hypothesis testing, it was found that Transformational Leadership had a significant and positive effect on Work Motivation (t-count $75,576 > 1.972$; sig. 0.000; O = 0.919) and on Employee Performance (t-count $4,490 > 1.972$; sig. 0.000; O = 0.391), which shows that the better the leadership, the higher the employee motivation and performance. Furthermore, Work Motivation was also proven to have a significant effect on Employee Performance (t-count $6,896 > 1.972$; sig. 0.000; O = 0.562), as well as on Business Sustainability (t-count $3,882 > 1.972$; sig. 0.000; O = 0.413), which means that work motivation is an important factor in driving performance and maintaining hospital sustainability. Transformational Leadership also has a significant effect on Business Sustainability (t-count $2,490 > 1.972$; sig. 0.013; O = 0.208), as well as Employee Performance which has a significant effect on Business Sustainability (t-count $2,430 > 1.972$; sig. 0.015; O = 0.223). Thus, all variables in this study have a positive and significant influence on each other in supporting the sustainability of Pala Raya Hospital for Women and Children in Tegal Regency.

Table 8. Results of Indirect Effect Hypothesis Testing

Track	Original Sample (O)	T-Statistics	P-value	Conclusion
X -> Y1 -> Z	0.379	3,863	0.000	H0 is rejected
X -> Y2 -> Z	0.086	1,865	0.062	H0 is rejected

Source: Data Processed with SmartPLS 4.0, 2025

In the seventh hypothesis test, the calculated t-value was $3.863 > t\text{-table } 1.972$ and a significance of $0.000 < 0.05$, so H0 was rejected and H1 was accepted. This indicates that Transformational Leadership (X1) has a significant effect on Business Sustainability (Z) through Work Motivation (Y1) as a mediating variable, with a positive original sample value (O) of 0.379. This means that the better the leadership style applied, the higher the work motivation and the positive impact on the business sustainability of RSIA Pala Raya. Conversely, in the eighth hypothesis, the calculated t-value was $1.865 < t\text{-table } 1.972$ and a significance of $0.062 > 0.05$, so H0 was accepted and H1 was rejected. This means that there is no significant effect between Transformational Leadership on Business Sustainability through Employee Performance (Y2), although the direction of the relationship is positive ($O = 0.121$). These results indicate that the role of performance as a mediator is not statistically strong enough, so the hypothesis is not proven in this study.

Motivation, Business Sustainability, and Transformational Leadership in Healthcare.

The data collected in this research highlights the key position that transformational leadership plays in the inner life of hospitals, in particular, its capacity to foster the motivation of employees and improve their performance. However, the outcomes can only be explained in the context of a larger scope of knowledge that demonstrates the impact of leadership practices on not only a person but also on the overall organizational atmosphere. The authors of the study by Gebreheat and others (2023) discovered that transformational leadership was directly related to increased nurse satisfaction rates and intention to remain in their employment, which are critical to retain talented employees in healthcare facilities. This leadership-retention relationship is more critical in the hospitals where turnover rates are on the increase and service demands are increasing rapidly. We also find this pattern reflected by our results, which indicate that leadership not only enhances performance on ordinary days but also brings stability, which contributes to long-term sustainability.

The culture that leadership develops is also related to sustainability. In a Norwegian study, the transformational leadership was found to explain almost half of the difference in patient safety culture and was the most predictive regardless of job demands and resources (Havig et al., 2020). This is a sobering lesson that leadership is not about an individual, but at the level of shared norms and values. The safety culture is high in hospitals, hence fewer mistakes are made, trust is established with the patients, and the reputation is preserved. By so doing, leadership plays the role of a motivating force and a protector of institutional credibility, both of which guarantee the ability to endure competition and the regulatory environment.

The deliberation on sustainability would be incomplete without the recognition of environmental aspect which is emerging as a key subject of concern to hospitals. The recent research on green transformational leadership illustrates that leaders who promote green-oriented practices are likely to get staff members to embrace pro-environmental behaviours and generate innovative ideas on how sustainable operations can be achieved (Zhao et al., 2025). Although the results of our research were not specifically ecological results, the motivational mechanisms which we identified give a good foundation to such behaviors. Such motivated and inspired employees are more than just productive; they are also more disposed

to associate themselves with more comprehensive organizational ends such as stewardship of the environment. This view broadens the definition of the role of leadership not only in the internal sphere of staff performance but also in the external requirements of global sustainability.

Leadership also has an immense influence in determining health and retention of workers. Alshammari and colleagues (2025) also discovered that transformational leadership minimized stress and enhanced the retention of nurses, as it enhanced work life balance. Likewise, Chen et al. (2025) also found that transformational leadership enhanced psychological empowerment and work engagement in intensive care units and the combination of the two elevated job performance. These results imply that the psychological processes by which leadership is exercised maintain performance even in times of pressure. Motivation in our research became a mediating factor between management and sustainability and this fact is in tandem with the notion that motivated and engaged employees are in a better position to maintain the energy required to work in demanding hospitals.

Another aspect where leadership has evident impact is in dealing with burnout. Kim et al. (2022) demonstrated that transformational leadership could prevent burnout by bringing clarity in the roles, resilience, and intrinsic motivation. This is a manifestation of the Job Demands Resources model emphasizing that leadership can be used as one of the resources to balance high workloads and employee vitality (Guan et al., 2025). In the case of hospitals, it implies that leadership is not only about the process of enhancing productivity but also about addressing the emotional well-being of the staff, which helps to eliminate turnover and guarantee the continuity of care. Our findings seem to fit this framework well since motivation has proven to be a protective factor against burnout as well as a driver to sustainable organizational performance.

It also gives credence to the psychological aspect of leadership through the psychological capital concept that entails hope, self efficacy, resilience and optimism. Transformational leaders develop these inner resources by instilling optimism and self-belief in the employees. This implies that the motivation we found in our investigation is not cosmetic but rather rooted in the psychological strengths that are long lasting and can be transferred to various problems. This kind of psychological capital will guarantee that employees are engaged and committed even in cases where external conditions are not known (Peethambaran & Naim, 2025)

Another factor is diversity in leadership styles. it was emphasized that women leaders, whose leadership styles tend to be participative and transformational, have a positive impact on financial performance, innovation, and ethical practices within healthcare organizations (Luo et al., 2025). Since most hospitals are characterized by dominance of female workforce, the leadership development that embraces inclusiveness and diversity can enhance the positive impacts of transformational styles. Such a position broadens our results by indicating the social aspects of leadership, which indicates that sustainability is not merely regarding buildings and policies but also representation and inclusiveness (Fujimoto et al., 2024).

Wellness oriented leadership and its role is a final point to this discussion. Stevens (2025) claimed that leaders that promote wellness among employees, set a good example of healthy work-life balance, facilitated working processes, and rewarded efforts form more inspired and stronger teams. This approach fits well with our results since motivation in our case was strongly related to sustainability results. It implies that sustainable performance is being established by the leaders who emphasize on human well-being. In learning to appreciate both productivity and people, leaders make sure that the hospitals have a chance to succeed not only monetarily but also as humane organizations that will pass the test of time.

Collectively, the overlap of the discussed studies with our results creates a comprehensive picture of how, through transformational leadership, sustainability in healthcare is encouraged. The mechanisms are multidimensional, which include safety culture, psychological empowerment, burnout prevention, innovation, environmental awareness, inclusivity, and wellness. These channels create motivation and enhance performance through which leadership becomes the lifeblood of hospital sustainability. As the discussion has shown, the concept of transformational leadership is not only a type of management but a powerful resource that makes the organization resilient, adaptable, and viable over time in an ever-evolving healthcare environment.

Conclusion

Based on the results of data analysis and discussion, the following conclusions can be drawn:

Transformational leadership has a significant and positive influence on employee work motivation at Pala Raya Hospital. A leadership style that inspires, provides individual attention, and encourages innovation has been shown to improve overall employee morale. The better the quality of transformational leadership implemented, the higher the employee work motivation.

The analysis shows that transformational leadership also has a significant impact on employee performance. Leaders who provide clear direction, serve as role models, and encourage employee self-development can increase employee productivity, responsibility, and work quality in the hospital environment.

Work motivation significantly impacts employee performance, both in terms of the quality and quantity of work. Employees who are highly motivated and feel valued in their roles tend to perform better. This demonstrates that motivational factors, both intrinsic and extrinsic, significantly influence employee performance.

Transformational leadership has been shown to significantly influence business sustainability when mediated by work motivation, but not significantly when mediated by employee performance. This suggests that efforts to build organizational sustainability are more effective through increasing employee morale and work motivation rather than solely through their performance.

The implementation of transformational leadership at Pala Raya Women's and Children's Hospital (RSIA) still faces several obstacles, such as a lack of individual attention from leaders, suboptimal communication of the vision and mission, and a tendency toward a transactional leadership style. This hinders the transformation of a more inspiring and participatory work culture.

There is a significant relationship between work motivation and employee performance on hospital business sustainability. However, work motivation exerts a greater influence than performance, as motivation can drive innovation, loyalty, and superior service, which are the primary foundations for long-term organizational sustainability.

Factors that hinder the implementation of transformational leadership include a lack of leadership training, a bureaucratic work culture, suboptimal two-way communication, high leadership workloads, and a reward system that does not support innovation. Addressing these obstacles is crucial for the effective and consistent implementation of transformational leadership.

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